

**DOCUMENT B**

**NORTH PACIFIC FISHERY MANAGEMENT COUNCIL  
GULF OF ALASKA GROUNDFISH RATIONALIZATION  
ALTERNATIVES, ELEMENTS AND OPTIONS  
APRIL 7, 2003 (RENUMBERED FOR JUNE 2003 MEETING)**

**(1) ALTERNATIVE 1. STATUS QUO (NO ACTION ALTERNATIVE)**

**(2) ALTERNATIVE 2. HARVEST SHARE PROGRAM,**

**(2.1) SUBALTERNATIVE 1. HARVESTER ONLY SHARE PROGRAM**

**Management Areas:**

**Areas** are Western Gulf, Central Gulf, and West Yakutat—separate areas

**SEO:** exempt except for Shortraker, Rougheye, and thornyhead as bycatch species

**Gear:** Applies to all gear except jig gear

**(2.1.1) Element 1. Qualifying periods (same for all gears in all areas)**

**(Option: AFA vessels assessed as a group)**

Option 1. 95-01 (drop 1, or 2)

Option 2. 98-01 (drop 1)

Option 3. 95-02 (drop 1, 2, or 3)

Option 4. 95-97 (for AFA vessels)

Option 5. 98-02 (drop 1 or 2)

Option 6. 00-02 (drop 1)

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

**NOTE:** the above suboption, if selected, would count as 1 year dropped (if selected)

**NOTE:** The Council noticed the public of its intent to further reduce the above options at the June Council meeting.

**(2.1.2) Element 2. Qualifying landing criteria**

**(2.1.2.1) Issue 1.** Landings based on retained catch for all species (includes WPR for C/P sector)

**NOTE:** Total pounds landed will be used as the denominator.

Option 1. catch history for p. cod fisheries determined based on a percentage of retained catch per year (does not include meal)

Option 2. catch history determined based on the poundage of retained catch year (does not include meal)

(2.1.2.2) Issue 2. Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

Option 1: Any person who held a valid interim LLP license as of January 1, 2003.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying (i.e. GQP, EQP, RPP and Amendment 58 combination) vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP license.

Option 2: Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Option 3: Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

### **(2.1.3) Element 3. Target Species Rationalization Plan.**

#### Target Species by Gear

(2.1.3.1) Issue 1 Initial Allocation of catch history

Option 1: Allocate catch history by sector and gear type

Option 2: Allocate catch history on an individual basis

a. Trawl CV and CP:

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

b. Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

c. Pot CV and CP:

Pacific Cod

(2.1.3.2) Issue 2. Harvest share (or QS/IFQ) Designations

(2.1.3.2.1) Option 1. Vessel categories

Suboption 1. No Categories

Suboption 2. Vessel Categories as follows

Vessels < 60'

Vessels  $\geq$  60' and < 125'

Vessels  $\geq$  125'

(2.1.3.2.2) Option 2. Harvest share sector designations:

- Suboption 1. No designation of harvest shares (or QS/IFQ) as CV or CP
  - Suboption 2. Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) convey a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on:
    - a. Actual amount of catch harvested and processed onboard a vessel by species.
    - b. All catch in a given year if any was legally processed onboard the vessel by species.
- (2.1.3.2.3) Option 3. Harvest share gear designations
- Suboption 1. No gear designation
  - Suboption 2. Designate harvest shares as Longline, Pot, or Trawl
  - Suboption 3. Longline and pot gear harvest shares (or IFQ) may not be harvested using trawl gear.
  - Suboption 4. Pot gear harvest shares (or IFQ) may not be harvested using longline gear
- (2.1.3.3) Issue 3. Transferability and Restrictions on Ownership of Harvest shares (or QS/IFQ)
- (2.1.3.3.1) Option 1. Persons eligible to receive harvest shares by transfer must be (not mutually exclusive):
- Suboption 1. US citizens who have had at least 150 days of sea time
  - Suboption 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time
  - Suboption 3. Entities that have a US citizenship with 20% or more ownership
  - Suboption 4. Initial recipients of CV or C/P harvest share
  - Suboption 5. US Citizens eligible to document a vessel.
  - Suboption 6. Communities would be eligible to receive harvest shares by transfer (see Element 9 (2.1.9))
- (2.1.3.3.2) Option 2. Restrictions on transferability of CP harvest shares
- Suboption 1. CP harvest shares maintain their designation upon transfer
  - Suboption 2. CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares converts to CV harvest shares
- (2.1.3.3.3) Option 3. Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares:
- a. all CP shares
  - b. trawl CP shares
  - c. longline CP shares
- (2.1.3.3.4) Option 4. Vertical integration (See also placeholder under Option 6)
- Harvest shares initial recipients with more than 10% limited threshold ownership by any holder of processing shares or licenses are:
- Suboption 1. capped at initial allocation of harvest CV and CP shares
  - Suboption 2. capped at 115-150% of initial allocation of harvest CV shares
  - Suboption 3. capped at 115-150% of initial allocation of harvest of CP shares

(2.1.3.3.5) Option 5. Definition of sea time

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

(2.1.3.3.6) Option 6. Leasing of QS (“leasing of QS” is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as “hired skipper” requirement in halibut/sablefish program).

- Suboption 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Suboption 2. No leasing of CP QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Suboption 3. Allow leasing of CV QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Suboption 4. Allow leasing of CP QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Suboption 5. Sunset [CP – CV] QS leasing provisions [3 – 5 – 10] years after program implementation.

(2.1.3.3.7) Option 7. Separate and distinct harvest share use (“ownership”) caps

**NOTE: The Council gave notice that it will revisit the language in this option to address the CV and CP sectors in June 2003.**

Vessel Use caps on harvest shares harvested on any given vessel shall be set at two times the use cap for each species. Initial issues that exceed the use cap are grandfathered at their current level as of a control date of April 3, 2003; including transfers by contract entered into as of that date. Caps apply to all harvesting categories by species with the following provisions:

Apply individually and collectively to all harvest share holders in each sector and fishery.

Percentage-caps by species are as follows (a different percentage cap may be chosen for each fishery):

i. Trawl CV and/or CP (can be different caps):

Use cap based at the following percentile of catch history for the following species: (i.e., 75<sup>th</sup> percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

- Suboption 1. 75 %
- Suboption 2. 85%
- Suboption 3. 95 %

ii. Longline and Pot CV and/or CP (can be different caps)

based on the following percentiles of catch history for the following species:

Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish

- Suboption 1. 75 %

- Suboption 2. 85%
    - Suboption 3. 95 %
  - iii. Conversion of CP shares:
    - 1. CP shares converted to CV shares
      - Option 1: will count toward CV caps
      - Option 2: will not count toward CV caps at the time of conversion.
    - 2. Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

(2.1.3.3.8) Option 8. Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as “owner on board” shares. This exemption applies only to those initially issued harvest share units.

- Suboption 1. No owner on board restrictions.
- Suboption 2. A portion (range of 5-100%) of the quota shares initially issued to fishers/ harvesters would be designated as “owner on board.”
  - NOTE:** The Council may revise the upper end of the range.
- Suboption 3. All initial issuees (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.
- Suboption 4. Shares transferred to initial issuees in the first 5 years of the program would be considered the same as shares initially issued (range of 5 – 100% of the quota shares). See above NOTE
- Suboption 5. “owner on board” shares transferred by initial issuees, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ.
- Suboption 6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of (Range 1-3 years).

(2.1.3.3.9) Option 9. Overage Provisions

- a. Trawl CV and CP:
  - Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year’s annual allocation or IFQ. Underages up to 10% of last trip harvest shares (or IFQ) will be allowed with an increase in the subsequent year’s annual allocation (or IFQ).
  - Suboption 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).
- b. Longline and pot CV and CP :
  - Overages up to 10% of the last trip will be allowed with rollover provisions for underages— greater than a 10% overage results in forfeiture and civil penalties.

An overage of less than 10% results in the reduction of the subsequent year's annual allocation or IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).

Suboption. Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

- (2.1.3.3.10) Option 10. Retention requirements for rockfish, sablefish and Atka mackerel:
- Suboption 1. no retention requirements
  - Suboption 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages
  - Suboption 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing.

- (2.1.3.3.11) Option 11. Limited processing for CVs
- Suboption 1. No limited processing
  - Suboption 2. Limited processing of rockfish species by owners of CV harvest shares is allowed consistent with limits set in the LLP program which allows up to 1 mt of round weight equivalent of groundfish to be processed per day on a vessel less than or equal to 60ft LOA.

- (2.1.3.3.12) Option 12. Processing Restrictions
- Suboption 1. CPs may buy CV fish
    - a. 3 year sunset
  - Suboption 2. CPs would be prohibited from buying CV fish
    - a. 3 year sunset
  - Suboption 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and allocated portion of flatfish) from CVs.
    - a. Exempt bycatch amounts of these species delivered with flatfish

**(2.1.4) Element 4. Allocation of Bycatch Species**

Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish  
Includes SEO Shortraker, Rougheye, and Thornyhead rockfish.

- Option 1. Allocation of shares
- a. Allocate shares to all fishermen (including sablefish & halibut QS fishermen) based on fleet bycatch rates by gear:
    - Suboption 1. based on average catch history by area and target fishery
    - Suboption 2. based on 75<sup>th</sup> percentile by area by target fishery
  - b. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
    - Suboption. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.
- Option 2. Include these species for one gear type only (e.g., trawl). Deduct the bycatch from gear types from TAC. If deduction is not adequate to cover bycatch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

- Option 3. Retain these species on bycatch status for all gear types with current MRAs.
- Option 4. Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares ("T" shares) by area. "T" shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.  
Suboption. These shares may be used with either fixed gear or trawl gear.

## **(2.1.5) Element 5. PSC Species**

### **(2.1.5.1) Issue 1. Accounting of Halibut Bycatch**

Pot vessels continue their exemption from halibut PSC caps.

Hook and line and trawl entities

- Option 1. Same as that under IFQ sablefish and halibut programs
- Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded
- Option 3. Individual share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded

### **(2.1.5.2) Issue 2. Halibut PSC Allocation**

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the directed fishery harvest shares. Bycatch only species would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed target species during the qualifying years. Allocations will be adjusted pro rata to equal the existing PSC cap.

- Option 1. By sector average bycatch rates by area by gear
  - a) Both sectors
  - b) Catcher processor/Catcher Vessel

### **(2.1.5.3) Issue 3. Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality**

Halibut PSC harvest share are separable from target groundfish harvest shares and may be transferred independently. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

- Option 1 . 0%
- Option 2 . 5%
- Option 3 . 7%
- Option 4 . 10%
- Option 5 . Exclude any halibut PSC transferred for participation in the incentive fisheries

### **(2.1.5.4) Issue 4. Permanent transfer of Halibut PSC harvest share mortality**

- Option 1. Groundfish harvest shares and Halibut PSC harvest shares are non-separable and must be transferred as a unit  
Suboption. exempt Pacific cod
- Option 2. Groundfish harvest shares and Halibut PSC harvest shares are separable and may be transferred separately

### **(2.1.5.5) Issue 5. Retention of halibut bycatch by longline vessels**

Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.

- Option 1. retention is limited to (range 10-20%) of target species
- Option 2. permit holder must have sufficient harvest shares (or IFQ) to cover landing

**(2.1.6) Element 6. Incentive species**

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

Owners of shares must utilize all their shares before participating in incentive fisheries.

Option: The portion of historic unharvested West Yakutat TAC will be made available as an incentive fishery, subject to provision of incentive fisheries

**PLACEHOLDER language for eligibility:** The incentive fishery is limited to persons that hold harvest shares and adequate PSC and bycatch species shares to prosecute these fisheries.

**(2.1.6.1) Issue 1. Eligibility to fish in the incentive fisheries**

- Option 1. Any person with a valid LLP
- Option 2. Entities that have 20% or more U.S. ownership and at least 150 days of sea time with 10 mt of fixed gear harvest shares or 50 mt of trawl harvest shares
- Option 3. Entities that have 20% or more U.S. ownership with 10 mt of fixed gear harvest shares or 50 mt of trawl harvest shares

**(2.1.6.2) Issue 2. Allocation of underutilized species in the incentive fisheries**

- Option 1. Allocate catch share to the historical participants (closed class) of the underutilized species for the qualifying years. Available incentive fishery quota is the available TAC for that fishing year minus the closed class fishery quota allocation as outlined below. Incentive fishery quota creates an incentive for fishermen to fish cleaner, either by gear conversion or reduction in halibut bycatch rates in other directed fisheries. If no halibut is allocated to the fishery through an incentive set aside the only entry mechanism is halibut savings.)
  - Suboption 1. Allocate harvest shares as a fixed allocation in metric tons. If available TAC is less than the total fixed allocation in metric tons then reduce participants' allocation pro-rata amongst closed class harvest share holders.
  - Suboption 2. Catch history is based on 125% of catch history. If available TAC is less than the allocation in metric tons then reduce participants' allocation pro-rata amongst closed class harvest share holders.
  - Suboption 3. For underutilized species, the combined total of all pounds landed during the qualifying years will be compared with the total TAC for the qualifying years to determine the *percent of the fishery utilized*. During each successive year the *percent of the fishery utilized* is applied to the total TAC with the resulting sum apportioned among qualifying vessels. The remaining TAC is available for an incentive fishery.

**(2.1.7) Element 7. Entry level rockfish program**

- Option 1. Allow entry level jig and < 60 ft CV longline harvests of Pelagic shelf rockfish
  - Suboption 1. include Pacific ocean perch
  - Suboption 2. a range of 3 to 15% of the TAC will be set aside to accommodate this fishery
  - Suboption 3. Determine catch accounting methods. Then, defer decisions on remainder of program to a trailing amendment.
  - Suboption 4. Catch of these vessels would be deducted from the following years TAC prior to distributing harvest shares. After initial allocation, defer design of program to trailing amendment.
- Option 2. No entry level rockfish fishery for:

- Suboption 1. Gulf wide
- Suboption 2. Central Gulf including West Yakutat
- Suboption 3. Western Gulf

#### **(2.1.8) Element 8. Skipper/Crew and Second Generation**

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

**NOTE:** Skipper definitions needed to distinguish differences between sectors

- Option 1. No skipper and crew provisions
- Option 2. Allocate percentage to captain:
  - Suboption 1. Initial allocation of 2% shall be reserved to qualified captains
  - Suboption 2. Initial allocation of 5% shall be reserved to qualified captains
  - Suboption 3. Initial allocation of 7% shall be reserved to qualified captains

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

#### **(2.1.9) Element 9. Communities**

**NOTE:** Bering Sea and Western Alaska CDQ communities may be excluded from community programs.

##### **(2.1.9.1) Option 1. Regionalization**

The following applies to both Central and Western Gulf areas:

If adopted, all processing share allocated to shorebased processors will be categorized by region.

- Processing shares that are regionally designated cannot be reassigned to another region.
- Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught.
- Catcher processor shares and incentive fisheries are not subject to regionalization.
- Qualifying years to determine the distribution of shares between regions will be consistent with the preferred alternative under “Element 1, Qualifying Periods”.

Central Gulf: Two regions are proposed to classify harvesting and (if adopted) processing shares: North - South line at 58° 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area).

The following fisheries will be regionalized for shorebased catch and subject to the North - South distribution: Pollock in Area 630; CGOA flatfish (excludes arrowtooth flounder); CGOA Pacific ocean perch; CGOA northern rockfish and pelagic shelf rockfish (combined); CGOA Pacific cod (inshore); GOA sablefish (trawl); WY pollock

Western Gulf: The following fisheries will be regionalized for shorebased catch: Pacific cod in Area 610; pollock in Area 610; pollock in Area 620

- Option 1. Dutch Harbor (Akutan)/Sand Point
- Option 2. Kodiak/Sand Point
- Option 3. Both

**NOTE:** Boundaries will be defined in June based on public testimony (staff will attach a detailed map of the GOA to aid in boundary identification.

**(2.1.9.2) Option 2. Community Fisheries Quota (CFQ)**

(2.1.9.2.1) Issue 1. Administrative Entity

- Option 1. Gulf wide administrative entity
- Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)
- Option 3. Community level

(2.1.9.2.2) Issue 2. Eligible Communities

Option 1. Population:

- a. Less than 1,500 residents
- b. Less than 2,500 residents
- c. Less than 5,000 residents
- d. Less than 7,500 residents

Option 2. Geography

- a. Coastal Communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 miles of the Gulf Coast
- d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nmi from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Economy (based on all fish).

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

- a. GOA fisheries dependant communities defined as communities with range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
- b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries
- c. All GOA communities

(2.1.9.2.3) Issue 3. Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling

(2.1.9.2.4) Issue 4. Allocation

Harvester shares

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC
- Option 4. 20% of annual TAC

Processing shares

- Option 5. 5% of annual processing allocation
- Option 6. 10% of annual processing allocation
- Option 7. 15% of annual processing allocation
- Option 8. 20% of annual processing allocation

(2.1.9.2.5) Issue 5. Harvesting of Shares

- Option 1. Limited to residents of eligible communities that own their vessels
- Option 2. Limited to residents of eligible communities
- Option 3. No limitations on who harvests shares

Issue 6. Use of Revenue

- Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.
- Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.
- Option 3. Education, social and capital projects within eligible communities as well as governmental functions.

**(2.1.9.3) Option 3. Community Purchase Program**

Eligible communities.

Option 1. Population:

- a. Less than 1,500 residents
- b. Less than 2,500 residents
- c. Less than 5,000 residents
- d. Less than 7,500 residents

Option 2. Geography

- a. Coastal Communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 miles of the Gulf Coast

Option 3. Economy (based on all fish).

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

- a. GOA fisheries dependant communities defined as communities with a range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
- b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)
- c. All GOA communities

#### **(2.1.9.4) Option 4. Community Incentive Fisheries Trust (CIFT)**

The CIFT has full ownership of CIFT harvest shares and holds these shares in trust for the communities, processors and crew members in the region to use as leverage to mitigate impact directly associated with implementation of a rationalization program.

##### **(2.1.9.4.1) Issue 1. Harvest Share Distribution**

10-30 % of harvest shares shall be originally reserved for GOA CIFT associations.

These harvest shares will be a pool off the top before individual distribution of harvest shares.

##### **(2.1.9.4.2) Issue 2. CIFT Designation**

Option 1. One CV CIFT for entire GOA (exclude SEO)

Option 2. Regional CV CIFTs :

Suboption 1. Central GOA (Kodiak, Chignik )

Suboption 2. Western GOA

Suboption 3. North Gulf Coast (Homer to Yakutat)

Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment

#### **(2.1.10) Element 10. PSC Crab, Salmon, and Other Species (Excluding Halibut)**

Prepare a discussion paper to describe processes currently underway to address bycatch of salmon, crab and herring and other forage fish species (including FMP amendments and PSEIS options for crab bycatch). The paper should (1) provide timelines and how they relate to the GOA rationalization timeline; (2) describe fishery, survey, and habitat data sources that will be used. Based on the recommendations in the paper, the Council would determine if (1) existing processes are sufficient or if some measures need to be more closely linked to rationalization decisions, and (2) if other or additional management approaches are appropriate to include in a rationalized fishery in a trailing amendment.

Put Element 10 (2.1.10) (PSC Crab and Salmon) on the same status with other trailing amendments (including skipper/crew shares; fee and loan program; CIFT issues). The discussion paper would be done parallel to the EIS similarly to how analysis of the other trailing amendments is planned.

#### **(2.1.11) Element 11. Review and Evaluation**

##### **(2.1.11.1) Issue 1. Data collection.**

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives.

(2.1.11.2) Issue 2. Review and Sunset

- Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program's performance compared to its objectives.
  - Suboption 1. 5 year after fishing under the program
  - Suboption 2. 7 year after fishing under the program
  - Suboption 3. 10 year schedule after fishing under the program
  - Suboption 4. No sunset provision.
- Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

**(2.1.12) Element 12. Sideboards**

Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

**(2.2) ALTERNATIVE 2. HARVEST SHARE PROGRAM,  
SUBALTERNATIVE 2: HARVESTER ONLY SHARE PROGRAM WITH A COOPERATIVE.**

**(2.2.1-12) ELEMENTS 1 – 11 (2.1.1 – 2.1.12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1 ARE INCLUDED.**

**(2.2.13) Element 12. Harvester only (1-Pie) Cooperatives**

- Option 1. Harvest Share (QS/IFQ) Holder Voluntary Cooperatives
  - 1. Co-op formation is voluntary
  - 2. Allocation of harvest shares (QS/IFQ) is determined under Alternative 3, Subalternative 1 (Alternative 2 Subalternative 1 (2.1))
  - 3. Co-ops can be formed between:
    - a. Eligible Harvesters only
    - b. Harvesters and a Processor
      - i. At least 4 harvesters none of whom are owned by the co-op processor (using the 10% threshold rule)
      - ii. Processors can associate with more than one co-op each comprised of 4 or more harvesters none of whom are owned by the co-op processor (using the 10% threshold rule)
      - iii. Processors are limited to 1 co-op per plant for each specific gear type
    - c. CVs and CPs
      - i. Cooperatives will be segregated into CVs and CPs.
      - ii. Cooperatives will not be segregated into CVs and CPs.
  - 4. Eligible processors are any legally licensed processing facility
  - 5. Set co-op use caps at 25 to 75% of total TAC by species

6. Vessel use caps would be set at 1.5-2 X the individual cap if participating in the co-op and grandfather initial issues at their initial allocation
7. Overage and underage limits would be applied in the aggregate at the co-op level
8. Monitoring and enforcement requirements would be shared by co-op
9. Annual allocation (IFQ) permit would be issued to the co-op
10. Duration of cooperative agreements
  - a. 1 year
  - b. 3 year
  - c. 5 year
11. Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments
12. Co-op allocations. Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of target species, non-target species and halibut mortality, as may be adjusted by interco-op transfers. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.

Option 2. Mandatory Co-ops (*includes all co-op formation provisions from Suboption 1. Voluntary Co-ops, with the following additional provisions*)

1. Co-ops must be formed before any annual harvest share (IFQ) allocation is allocated (a harvester can only receive an annual harvest share (IFQ) allocation by joining a cooperative).
2. CPs would be allowed to form a sector co-op which does not need to meet conditions 3-8 below.
3. Annual harvest allocation (IFQ) to harvesters who elect to join a co-op is determined under Alternative 3, Subalternative 1.
4. Allocations to Co-ops will only be made under the following conditions:  
Required Co-op agreement elements:  
Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite This co-op agreement must contain:
  - 1) A price setting formula for all fish harvested by the co-op
  - 2) A fishing plan for the harvest of all co-op fish
5. Eligible harvesters who are also eligible processors cannot participate in price setting negotiations. A 10% ownership trigger will be used to determine the linkage between the harvester and the processor.
6. Eligible harvesters who are also eligible processors must participate in the co-op. A 10% ownership trigger will be used to determine the linkage between the harvester and the processor.
7. Harvesters must declare prior to fishing which Co-op they will deliver to in a given year.

- 1) No share reduction for moving between co-ops year to year
- 2) A one year 10-20% share reduction each time a harvester moves to a different co-op. There shall be a limit on the voluntary migration of harvesters from co-op to co-op such that no co-op loses more than 20% of its annual allocation in any single year
8. Ownership and Usage of Co-op allocations
  - a. At least 20% of the harvester allocation share owned by the co-op processor-owned vessels must be available for lease to other co-op harvesters, at prevailing market lease rates.
  - b. No mandatory leasing provision
9. Harvest share holders that do not choose to join a co-op
  - a. May fish in open access
  - b. Are not allowed to participate in the rationalized fisheries until they join a co-op

#### **(2.2.14) Element 13. SECTOR ALLOCATION PROGRAM WITH COOPERATIVES**

**NOTE: In June 2003, staff will provide recommendations for incorporating the following issues into this subalternative.**

##### **(2.2.14.1) Issue 1. Sector Identification**

The following sectors are eligible to receive a sectoral allocation by area:

- Option 1. CP Trawl
- Option 2. CP Longline
- Option 3. CP Pot

##### **(2.2.14.2) Issue 2. Target Species**

As listed in Alternative 2, Subalternative 1, Element 3, Issue 1 – a, b, c and Issue 3, Option 1, 9, and 11. (2.1.3.1a,b,and c and 2.1.2.2 Options 1,9, and 11)

##### **(2.2.14.3) Issue 3. Bycatch Species**

As listed in Alternative 2, Subalternative 1, Element 4 (2.1.4.4)

##### **Option 1. Allocation of quota shares.**

- a) Allocate quota to all sectors based on sector bycatch rates.
  - Suboption 1. Based on average catch history by area and target fishery
  - Suboption 2. Based on 75<sup>th</sup> percentile by area by target fishery
- b) Allocation will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
  - Suboption. Other rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.

##### **Option 2. Retain these species on bycatch status for all sectors with current MRAs.**

- (2.2.14.4) Issue 4.       PSC Species
- (2.2.14.4.1) Issue 1. Accounting of Halibut Bycatch
- Option 1. Halibut bycatch would be managed by NMFS at the sector level.
- Option 2. Halibut bycatch would be managed at the coop level
- (2.2.14.4.2) Issue 2. Halibut PSC Allocation
- Option 1. Initial allocation based on sector average bycatch rates for the qualifying years.
- Option 2. Allocations will be adjusted pro rata to equal the existing PSC.
- (2.2.14.5) Issue 5.       Incentive Species
- Option 1. Underutilized unallocated species are available for harvest by any sector with sufficient PSC and bycatch to prosecute the fishery, once that sector's allocation of that underutilized species has been used.
- Option 2. Incentive species are available for harvest, providing the vessel has adequate PSC and bycatch species, under the following conditions:
- Suboption 1. If a sector does not form a coop, the unallocated incentive species are available for harvest by the sector once the sector's allocation of the incentive species has been used.
- Suboption 2. If a coop is formed in a sector, the individual coop member's apportionment of that species has to be used prior to that individual gaining access to the unallocated portion of the incentive species. The coop member does not have to wait until all coop members have used their individual apportionments.
- Suboption 3. For vessels not participating in a sector coop, the unallocated incentive species are available for harvest once the non-coop sector's allocation of the incentive species has been used.
- (2.2.14.6) Issue 6.       Communities
- As in Alternative 2, Subalternative 1, Element 9 (Areas) and Option 2 (2.1.9.2) (Community Fisheries Quota).
- (2.2.14.7) Issue 7.       Review and Evaluation
- Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program's performance compared to its objectives.
- Suboption 1. 5 year after fishing under the program
- Suboption 2. 7 year after fishing under the program
- Suboption 3. 10 year schedule after fishing under the program
- Suboption 4. No sunset provision.
- Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.
- (2.2.14.8) Issue 8.       Sideboards

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

(2.2.14.9) Issue 9. Cooperatives

- Members of a sector may choose to form a cooperative with a civil contract to manage harvest levels and other issues as determined by agreement of the cooperative.
- NMFS will allocate quota to the cooperative based on the aggregate historical catch of target, bycatch and PSC species.
- Cooperative will be responsible for managing the aggregate catch of the cooperative so as not to exceed the cooperatives allocation of target, bycatch and PSC species.
- Vessels that choose not to participate in the cooperative are allocated the remaining sectoral TAC, bycatch and PSC allocations after deduction of the cooperative allocation and any other sector-wide deductions.
- NMFS may establish a minimum level of cooperative membership by sector
  - Option 1: Minimum number of license holders
  - Option 2: Minimum percentage of catch history

(2.2.14.9.1) Issue 1. Co-op participation

Option 1. Co-ops are voluntary

Suboption 1. Co-op may be formed upon agreement of 100% of sector (AFA Offshore type co-op)

Suboption 2. One or more co-ops may form per sector upon agreement of a minimum percentage (50, 75, 80%) of:

- a. eligible vessels in order to form co-op(s)
- b. catch history in order to form co-op(s)

Option 2. Co-ops can be comprised of one sector/gear type only

Option 3. Co-ops from different gear groups may enter into inter co-op agreements.

(2.2.14.9.2) Issue 2. Co-op Allocations

Co-op allocations will be based on same formula as used for sectoral allocations

(2.2.14.9.3) Issue 3. Open Access

Any vessels that do not want to enter into co-op agreements will fish in open access. The aggregate catch history from non-participating vessels, based on same qualifying years, will go into the open access pool.

**(3) ALTERNATIVE 3. HARVEST SHARE PROGRAM WITH CLOSED PROCESSOR CLASS**

**(3.1) SUBALTERNATIVE 1. HARVESTER SHARE PROGRAM WITH CLOSED PROCESSOR CLASS**

**(3.1-12) ELEMENTS 1–11 (2.1.1-12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1 ARE INCLUDED. THIS APPLIES ONLY TO CV SHARES.**

**(3.1.13) Element 12. Harvester Delivery requirements**

50-90% of harvest share allocation will be reserved for delivery to the qualified closed trawl or fixed class processor. The other 50 -10% of harvest share allocation can be delivered to:

- i. any processor including CPs
- ii. any processor excluding CPs

**(3.1.14) Element 13. Closed Class Processor Qualifications**

(3.1.14.1) Issue 1. To purchase groundfish must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the years

Option 1. 1995 – 1999.

Option 2. 1995 – 2001

Option 3. 1995 – 2002

a. Trawl eligible Processors

Option 1. 2000 mt

Option 2. 1000 mt

Option 3. 500 mt

b. Fixed gear eligible Processors

Option 1. 500 mt

Option 2. 200 mt

Option 3. 50 mt

c. Trawl and Fixed gear eligible processors

i) Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above

ii) Total catch - Trawl and fixed catch combined

Option 1. 2,500 mt

Option 2. 1,200 mt

Option 3. 550 mt

d. Processors are defined at:

Option 1. Processors are defined at the entity level

Option 2. Processors are defined at the plant level

(3.1.14.2) Issue 2. Processor licenses would be issued to

Option 1. Operator – must hold a federal or state processor permit.

Option 2. Custom processing history would count for purposes of limiting

Option 3. Facility owner

(3.1.14.3) Issue 3. Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Option 1. Within the same community

Option 2. Within the same region

(3.1.14.4) Issue 4: Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed), by CGOA and WGOA regulatory areas:

Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor

(3.1.14.5) Issue 5. Processing Caps may apply at:

Option 1. the facility level

Option 2. the entity level

### **ALTERNATIVE 3. Harvest Share Program with Closed Processor Class**

#### **(3.2) Subalternative 2 - Harvester Share Program with Closed Processor Class Cooperative**

**(3.2.1-12) ELEMENTS 1–11 (SEE 2.1.1-12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 3, SUBALTERNATIVE 1 ARE INCLUDED. THIS APPLIES ONLY TO CV SHARES.**

Option 1. Same provisions as Alternative 2, Subalternative 2, Option 1, (2.2.13 Option 1)  
Voluntary Cooperatives

Option 2. Same provisions as Alternative 2, Subalternative 2, Option 2, (2.2.13 Option 2)  
Mandatory Cooperatives

#### **(3.2.13) Element 12. Closed processor class cooperatives**

(3.2.13.1) Issue 1. Co-op delivery provisions.

50-90% of the co-op allocation will be delivered to their linked trawl or fixed gear processor (see vessel – processor linkage below). The remaining 50 -10% can be delivered to any qualified closed class processor of the same type

(3.2.13.2) Issue 2. Initial Co-op allocations.

Option 1. Each harvester is eligible to join a co-op with a qualified fixed gear or trawl closed class processor.

Option 2. Each harvester is initially eligible to join a co-op with the qualified fixed gear or trawl closed class processor to which the harvester delivered the largest amount of groundfish during the year prior to implementation.

Option 3. Each harvester is initially eligible to join a co-op formed with the qualified fixed or trawl closed class processor in to which the harvester delivered the largest amount of groundfish during the last [1, 2, or 3] years of the harvester allocation base period. If the processor with whom the harvester is eligible to form a co-op is no longer operating, the harvester is eligible to join a co-op with any qualified processor.

i. Largest amount by species groupings (rockfish, flatfish, pollock, cod)

ii. Largest amount by aggregate

#### **(3.2.14) Element 13. SECTOR ALLOCATION PROGRAM WITH COOPERATIVES**

See Alternative 2, Subalternative 2, Element 13 (2.2.14).

### **(4) ALTERNATIVE 4. HARVESTER AND PROCESSOR SHARE PROGRAM (2-PIE)**

#### **(4.1) SUBALTERNATIVE 1. HARVESTER AND PROCESSOR SHARE PROGRAM**

**(4.1.1-12) ELEMENTS 1–11 (2.1.1-12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1, ARE INCLUDED.**

**NOTE: OPTIONS FOR PROCESSORS WILL NEED TO BE ADDED**

#### **(4.2) SUBALTERNATIVE 2, VOLUNTARY CO-OP WITH ALLOCATED IFQ/IPQ**

**(4.2.1-12) ELEMENTS 1–11 (SEE 2.1.1-12) AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 2, ARE INCLUDED.**

#### **(4.2.13) Element 12. Processing Sector– Applicable to Two pie (IFQ/IPQ) Cooperatives**

Catcher Processor harvest shares would be for all gear types & vessel class.

Binding Arbitration process, for failed price negotiation, between fishermen and processors.

Processor Purchase Requirements. Any processor within any Gulf community can buy IPQ shares from the Catcher processor sector.

##### **(4.2.13.1) Issue 1. Eligible processors**

###### **Option 1. U.S. Corporation or partnership (not individual facilities)**

- Suboption 1. owner
- Suboption 2. operator – must hold a Federal or State processor permit
- Suboption 3. custom processor

###### **Option 2. Individual processing facility by community**

- Suboption 1. owner
- Suboption 2. operator - must hold a Federal or State processor permit
- Suboption 3. custom processor

###### **Option 3. Processed Groundfish for any Groundfish fishery in the rationalization program for**

- Suboption 1. 2000 or 2001
- Suboption 2. Any year 1998-2002
- Suboption 3. 2001 or 2002

##### **(4.2.13.2) Issue 2. Categories of Processing Quota shares**

###### **Option 1. Target Species (Species where there is a significant historical processor participation)**

Area 610 pollock, Area 620 pollock, Area 630 pollock, WGOA Pacific cod, CGOA Arrowtooth flounder, CGOA Flatfish (excludes Arrowtooth flounder), CGOA POP, CGOA Pelagic Shelf Rockfish & Northern rockfish (combined), CGOA Pacific cod (inshore), WY Pollock

###### **Option 2. Non-target Species (Species on Bycatch status throughout the year (e.g., Sablefish – trawl, Other rockfish, thornyhead, shortraker/rougheye).**

- Suboption 1. Allocate IPQ shares based on the Fleet bycatch rates by gear:
  - a. based on average catch history by area and target fishery
  - b. based on 75<sup>th</sup> percentile by area by target fishery

- Suboption 2. Exclude non-target species from IPQ awards

###### **Option 3. Regional categories – processing quota shares will be regionalized by species grouping as shown in the regionalization section if regionalization is adopted.**

###### **Option 4. C/P will be issued C/P harvest shares which combine the privilege of catching and processing product.**

##### **(4.2.13.3) Issue 3. Qualifying periods**

(Option: AFA vessels assessed as a group)

- Option 1. 95-01 (drop 1 or 2)
- Option 2. 98-01 (drop 1)
- Option 3. 95-02 (drop 1, 2, or 3)
- Option 4. 95-97 (for AFA vessels)
- Option 5. 98-02 (drop 1 or 2)

Option 6. 00-02 (drop 1)

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

**NOTE:** the above suboption, if selected, would count as 1 year dropped (if selected)

**NOTE:** The Council noticed the public of its intent to further reduce the above options at the June Council meeting.

(4.2.13.4) Issue 4. Percentage of season's TAC for which IPQs are distributed:

Option 1. 100%

Option 2. 90% - the remaining 10% would be considered open delivery.

Option 3. 80% - the remaining 20% would be considered open delivery.

Option 4. 50% - the remaining 50% would be considered open delivery.

The following applies to all suboptions:

Processors that receive IPQ awards will be allowed to buy open access fish.

(4.2.13.5) Issue 5. Processing Shares Cap categories:

Option 1. Applied by species groupings – Pollock, Pacific cod, Flatfish (excludes Arrowtooth), and rockfish.

Option 2. Applied to all groundfish species combined

(4.2.13.6) Issue 6. Ownership Caps on Processing Shares

Option 1. Maximum share allocation in the fishery

Option 2. Maximum share allocation in the fishery plus 5%

Option 3. Maximum share allocation in the fishery plus 10%

Option 4. Maximum share allocation in the fishery plus 15%

Option 5. Select a cap between the average and maximum allocation with initial allocations grandfathered

(4.2.13.7) Issue 7. Use Caps: may select different options depending on sector, gear, etc.

Annual use caps on a company (facility) basis of

Option 1. 30 percent to 60 percent of the TAC

Option 2. The largest IPQ holding in the fishery at the time of initial allocation

Option 3. Custom processing will be allowed

a) subject to use caps

Option 4. No use caps in the event of a catastrophic event.

Option 5. Emergency transfers of IPQ for weather conditions.

Option 6. Vessel overages not counted toward IPQ use caps.

(4.2.13.8) Issue 8. Community Protection under Processing Shares

Communities will be allowed to buy processing history -- First right of refusal for communities for all processing history designated for that particular community that is sold to entities outside the community.

**NOTE:** The Council will use provisions similar to the right of first refusal in the Crab rationalization program.

#### **(4.2.14) Element 13. SECTOR ALLOCATION PROGRAM WITH COOPERATIVES**

See Alternative 2, Subalternative 2, Element 13 (2.2.14).

#### **TRAILING AMENDMENTS**

The Council intent is for these trailing amendments to be implemented simultaneously with the main rationalization program.

##### **1.Fee and Loan Program**

##### **2.Skipper/Crew Share Program issues:**

##### **3.Remaining issues of CIFT program**

##### **4. PSC Crab, Salmon, and Other Species management**